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SUBJECT: INTERVIEW WITH US AMBASSADOR TO BUENOS AIRES LINO
GUTIERREZ; MIDDLE EAST; VENEZUELA'S ENTRY INTO MERCOSUR; CHINA;
NORTH KOREA; MEXICAN ELECTIONS; 07/10/06

1. SUMMARY STATEMENT

Daily-of-record "La Nacion" and leading "Clarín" conducted an interview with US Ambassador Lino Gutierrez. Those interviews were reported, thus far, by liberal, English-language "Buenos Aires Herald," wire service agencies Agence France Presse and TELAM, populist "Cronica," business-financial, center-right "Infobae," and newspaper "La Calle," from Concepcion del Uruguay, Entre Rios.

Business-financial, center-right "InfoBae" reports on the PAS press release about the two groups of youth, students and teachers, who will travel to the US on training programs.

Other international stories include the situation in the Middle East, the threat posed by North Korean missile tests, and the outcome of Mexican elections.

2. OPINION PIECES AND KEY STORIES

- "'I do not agree with Kirchner that there is full democracy in Venezuela"

Daniel Santoro and Natasha Niebieskikwiat, political columnists of leading "Clarín," conducted an interview with US Ambassador to Buenos Aires Lino Gutierrez (07/09) "He was asked to give his opinion on Kirchner's statement that there is 'full democracy' in Venezuela, Ambassador Gutierrez said 'I do not agree on that. We are concerned about the fact that Chavez purchased 100,000 rifles, formed a militia, and that the opposition and the media feel harassed. We are also concerned about the fact that Chavez wants to travel to North Korea and establish an alliance with Iran.

"Asked whether Argentina continues being a US strategic partner similar to its previous role under the Menem administration, Gutierrez answered 'Argentina continues to be a major non-NATO ally, a very important partner in the region that has played a very important role in helping the Haitian democracy.

"Gutierrez added 'The US-Argentine military relationship has not changed. Argentina continues cooperating with the US. This was clear during the Summit of the Americas, when Argentina facilitated the entry of some 1,000 (US) troops that escorted US President Bush to Mar del Plata. Regarding the entry of US troops, what we still need is a legal accord to grant immunity to our troops, on which point our lawyers are working... We hope military exercises can be performed in this country again.

"On the FTAA, Ambassador Gutierrez said that only one country (Venezuela) opposed the FTAA based on ideological reasons. But the Mercosur countries said that only when the US farm subsidies' topic

is dealt with, will they be willing to tackle FTAA negotiations.'"

- "Roles"

Walter Curia, political columnist of leading "Clarín," writes (07/09) "In June, Kirchner said in Madrid 'The US relationship with the region is cold. We had to handle the bad moments on our own because the US does not play the role it should play in the region. We have to make progress on cooperating with the EU.' US priorities in the region include legislation on US illegal immigrants, a top issue in the US-Mexican agenda. The US concerns do not go beyond Evo Morales, whom the US considers a product of Chavez."

"Kirchner's interpretation is right, but he overlooked one thing - Europe agrees with Washington."

- "The US sways from mistrust and coldness to pragmatism"

Ana Baron, Washington-based correspondent for leading "Clarín," comments (07/09) "US Ambassador Lino Gutierrez arrived in Argentina in 2003 when there were two Republican hawks in the US cabinet - Roger Noriega, former Assistant Secretary for Hemispheric Affairs, and Otto Reich, former special envoy for our region. There were many doubts in Washington regarding Kirchner..."

"From then on, the Argentine economy has had an amazing economic recovery..."

"When Gutierrez was named US ambassador, General Colin Powell presided over the US State Department... The replacement of Powell by Condoleezza Rice enormously changed the US Department of State's relationship with the region. The hawks' ideological approach was replaced by a more pragmatic one. And this prevented the relationship with the region from derailing."

"... Furthermore, the prevailing pragmatic approach made possible

that Earl Anthony Wayne, a man who does not enjoy US Cubans' sympathy, was named as Gutierrez' successor."

"Wayne will reportedly be confirmed this week. His big challenge will be transforming the current formal relationship between the two countries into a more substantial one. An Argentine diplomat told 'Clarín' that when the US Department of State has to make an important decision related to the region, it 'consults with Brazil, Chile and Mexico.'"

- "'We do not agree on everything with Kirchner'"

Jorge Elias, political analyst of daily-of-record "La Nación," had an interview with US Ambassador Lino Gutierrez (07/09) "Due to his profession, US Ambassador Lino Gutierrez prefers to see the glass as half-full. He said 'The US-Argentine bilateral relationship has been strengthened. We have achieved a lot.' The other half of the glass, the empty part, contains the points on which he disagrees with Kirchner and he attempted not to exaggerate 'We do not agree on everything with the Kirchner administration, but we must continue holding talks.'"

"For example, Venezuela's entry into Mercosur, as well as the Kirchner administration's support for Venezuela's entry into the UN Security Council, does not excite Washington."

"... The US and Argentina have signed important deals to fight drug-trafficking... We have signed scientific deals... We have strengthened trade and scientific relations. Today, 3.5 millions Americans visit Argentina and there are 500 companies with prevailing US capital, who are responsible for 200,000 jobs. Ties between the two countries are stronger every passing day."

"... 'Argentina has cooperated a lot with the US and the international community on very important issues at the UN Security Council.'"

- "Disproportionate force"

Liberal, English-language "Buenos Aires Herald" carries an opinion

piece by contributor Gwynne Dyer, who writes (07/10) "... Israel's past offers enough parallels that its government should and probably does understand that it has a choice: to ignore the extremists and talk about some kind of peace deal with the mainstream - or to use the extremists as an excuse not to talk to the mainstream either. It has chosen the latter option, and the current, vastly disproportionate Israeli attacks on the Gaza Strip are the evidence for it.

"... The first objective of the Israeli attacks is to destroy the elected Palestinian government led by Hamas.

"As US President George W. Bush said, 'We support democracy, but that doesn't mean that we have to support governments elected as a result of democracy.'

"Olmert knows (even if Washington doesn't) that destroying the Hamas government will not bring the 'moderates' back to power.

"It will just create a power vacuum in the occupied territories that will be filled by all kinds of crazies with guns. Ideal circumstances for carrying out Olmert's plans, wouldn't you say?"

- "I think it was the Fifth of July"

Martin Gambarotta, political columnist of liberal, English-language "Buenos Aires Herald," writes (07/09) "... The politics of Latin America has never been a picnic. President Nestor Kirchner was not in a US park on the fourth munching a peanut-butter sandwich. He was in Caracas welcoming oil-rich Venezuela into the Mercosur trade bloc. School-children must now learn that Mercosur has five members: Argentina, Brazil, Paraguay, Uruguay and Venezuela. And on the fifth Kirchner was watching Russian-made jet fighters hurtling over his head and that of his host: firebrand President Hugo Chavez, a leftist who relishes bashing the US. President Evo Morales of Bolivia, leader of a socialist party in his country, was also there.

"... What was Kirchner doing in Caracas? He was doing this: consolidating his strategic alliance with Venezuela. This might have well made US President George Bush choke on a pretzel... Critics, including Bush, accuse Chavez of being a 'cheque-book populist' looking to manipulate the rest of Latin America."

"... Kirchner, on addressing the Venezuelan Parliament on Wednesday, said to an ovation: 'I want to tell the world that here in Venezuela

there is a full democracy that fights for equality and justice'... Republican stomachs in Washington must be churning. But a cynic prying into Kirchner's calculating brain might tell them this: Venezuela and Bolivia are sitting on the fuel reserves Argentina needs to sustain its current economic growth."

- "A weaker Mercosur"

Centrist newspaper "Perfil" carries an opinion piece by Pedro Isern, head of the Department of Economics and Rule of Law, at CADAL (Centro para la Apertura y Desarrollo de America Latina), who writes (07/09) "The Brazilian and Argentine governments maintain that there is a political and a strategic reason to understand Venezuela's entry into Mercosur: the first is to moderate Chavez. The second is to possibly develop a regional energy matrix based on Venezuela's abundant oil and gas reserves.

"However, these supposedly positive reasons or variables must be countered by a negative variable - the institutional quality added by Venezuela to a bloc, which is poor itself in terms of clear and predictable game rules. To Mercosur's poor institutional performance, a new member has been added with indicators worse than Argentina, Brazil or Paraguay."

- "Regional silence vis-à-vis the (Venezuelan) proposal to form a Mercosur Army"

Daniel Gallo, political columnist of daily-of-record "La Nacion," writes (07/09) "The Venezuelan president launched an idea to merge

the Mercosur armed forces. No president responded. Only Peruvian President Alejandro Toledo termed the proposal as 'an absurd idea' although his country is not part of the bloc.

"If the other leaders did not respond, it is because an alternative as that proposed by Chavez is not considered viable.

"... There is little room for Chavez's initiative to become real. His government seems to consider military power as a decisive element in its international insertion.

"... Venezuelan armed forces are led by doctrines not wanted by Argentina for its troops. The role of the military as a moral reserve prevails in Venezuela, and Chavez fosters a view of the world as divided in blocs in favor or against the US."

- "A new bipolar world"

Daily-of-record "La Nacion" carries an opinion piece by Carlos Tramutola, head of the foreign trade department at Fundacion Grupo Sophia, who writes (07/10) "When Hu Jintao left Washington, the US started to wait.

"What seemed impossible then is happening now. The largest economic power of the world needs China. Bush asked China to revalue its currency, the Yuan, and to put Iran under control. Hu smiled and did not respond to either request.

"No one in China doubts that China will disrupt US world leadership in a few decades...

"... The 'dragon' is neutralizing its trade surplus by buying dollars and accruing reserves, which is precisely the US debt.

"What would happen if China decided to exchange its dollars for euros? Then, it could weaken the US currency. That is precisely the source of the Asian giant's power."

- "North Korea threatens the US with a 'total war' without any concession whatsoever"

Leading "Clarín" (07/10) reports "Four days after having challenged the world with its missile tests..., North Korean leader Kim Jong-il warned that he is willing to launch a 'total war without any concession whatsoever' on Washington...

"Kim Jong-Il said that not even a minimal concession will be granted to US imperialistic invaders, the enemy of all time."

- "North Korean threat, according to the glasses you wear"

Leading Clarín (07/08) carries an op-ed piece by international analyst Oscar Raul Cardoso, who opines "... It would not be wise to underestimate the scenario created by North Korean missile tests. Pyongyang is reported to have accumulated enough war material to manufacture at least two explosive devises...

"... Since May, when Washington accepted the possibility of a direct and bilateral negotiation with Iran, the North Korean regime insisted on being treated the same way. Among other reasons, Bush has not agreed because it is hard for him to digest that he should agree to a claim from another member of the questionable 'axis of evil'...

"... Does it sound irrational to commit the Asian security and that of the world? Yes, but there is margin for optimism. Based on the negative propaganda we hear about Pyongyang, its regime has a history of keeping a distance from craziness regarding international security, and it has always negotiated after showing its teeth."

13. EDITORIALS

- "Mexico - the time to govern"

An editorial in daily-of-record "La Nacion" reads (07/08) "Mexicans have just held the most controversial presidential election of their history. According to the Federal Election Institute, the official

candidate, Felipe Calderon, from Partido Accion Nacional, has won by less than 1% of total of votes, thereby defeating left-wing candidate Andres Lopez Obrador.

"... The outcome of the recent Mexican election seems to mean rejection of hyper-presidentialism, incarnated by Andres Lopez Obrador's proposals. However, in other regards, Mexico is clearly divided. This is why the time has come for its leaders to call for calm and reconciliation in an attempt to approach positions on all possible points."

- "Continued Mexican policy"

Leading "Clarín" editorializes (07/10) "Mexicans voted for a continued policy, although the improvement in social conditions was established on the political agenda."

"First and foremost, elections showed the PRI's continued distancing from traditional politics..."

"For the rest of Latin America, the outcome of Mexican elections is practically indifferent. Mexican political parties' proposals were focused on Mexican domestic issues and no candidate talked about a change in the special US-Mexican relationship, incarnated in the NAFTA."

"A continued economic and foreign policy, which Felipe Calderon will surely advance, may contribute to certainty, a scarce element in the generally complex Latin American scenario."

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GUTIERREZ